

GOVERNMENT OF THE DISTRICT OF COLUMBIA  
OFFICE OF THE CHIEF FINANCIAL OFFICER  
OFFICE OF TAX AND REVENUE



November 6, 2014

**OTR TAX NOTICE 2014-11**

**NOTICE REGARDING LOW-INCOME SENIOR  
DEFERRAL OF REAL PROPERTY TAX**

Low-income seniors may now defer current and past due real property taxes at either 6 percent interest or at no interest, depending upon age, income and length of residency. Application may be made by filing an FP-110 application with the Office of Tax and Revenue.

Low-Income Deferral at 6 Percent Interest:

To qualify for the low-income senior tax deferral program at 6 percent, taxpayers must meet the following qualifications:

- Be a District domiciliary;
- Own at least 50 percent of a house or condominium (with no more than 5 dwelling units) in the District;
- Own a house or condominium as principal place of residence;
- Be 65 years of age or older; and
- Have household federal adjusted gross income of less than \$50,000 (aggregate income of all persons residing in household, excluding tenants with fair market value leases).

Low-Income Deferral at 0 Percent Interest:

To qualify for the low-income senior tax deferral program at 0 percent, taxpayers must meet the following qualifications:

- Qualify for the low-income senior tax deferral program at 6 percent;
- Be 75 years of age or older;
- For at least the last 25 years, have been domiciled and owned a principal place of

residence in the District (with no more than 2 gaps of ownership that did not exceed 120 days); and

- Have household interest and dividend income (IRS Form 1040, Schedule B income) of less than \$12,500.

#### Ineligibility:

An applicant should be mindful of the following, in the event that the senior or the property becomes ineligible for the deferral:

- The requirement to notify, in writing, the Assessment Services Division/Tax Deferral Program, 1101 4th Street SW, Suite 550, Washington, DC 20024 within 30 days of becoming ineligible;
- That deferred amounts generally must be paid within 30 days of ineligibility, but must be paid within 5 days if the property is transferred.
- That the property will be deemed transferred 1 year from the date of death. Heirs must be prepared either to transfer the property or pay the taxes due within that 1 year.
- Deferred amounts not timely paid are subject to a 10 percent penalty and interest at the rate of 1.5 percent per month or part of a month (18 percent per year).
- Failure to pay deferred amounts that become due may result in a sale of the property at tax sale.
- Deferred taxes are not a deductible expense for income tax purposes, since they have not been paid.

#### Other considerations:

- Before applying, applicants should verify that participation in the tax deferral program does not violate a mortgage agreement. A violation may be a default and result in a foreclosure.
- A senior whose income meets the income limit when the application is approved will remain eligible for the program, regardless of an increase in income.
- Deferrals will cease when the aggregate amount of the real property tax, plus interest from prior tax years, is 25 percent or more of the assessed value of the real property. In such event, amounts deferred will remain deferred that do not exceed the 25 percent threshold.
- Although amounts sold at tax sale may be deferred, expenses owed to a tax sale purchaser are not deferred and must be paid to avoid foreclosure.

The application and the continued eligibility for the deferral are subject to periodic audit. All supporting documentation should be retained. The FP-110 application is available at [www.taxpayerservicecenter.com](http://www.taxpayerservicecenter.com) or from OTR's Customer Service Center at (202) 727-4TAX (4829).